

**SEBI AMENDMENTS TO ALTERNATIVE DISPUTE RESOLUTION
MECHANISM REGULATIONS 2023**

Securities and Exchange Board of India (SEBI) has issued a notification on July 3, 2023, introducing amendments to the Alternative Dispute Resolution Mechanism Regulations. These amendments aim to enhance the dispute resolution process in the securities market by incorporating mediation, conciliation, and arbitration methods.

1. These regulations may be called the Securities and Exchange Board of India (Alternative Dispute Resolution Mechanism) (Amendment) Regulations, 2023.
2. They shall come into force on the date of their publication in the Official Gazette. Amendments to the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.

3. Amendments to the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.

In the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, after regulation 28A, the following regulation shall be inserted, namely, —

“Dispute Resolution.

28B. All claims, differences or disputes between a merchant banker and its client arising out of or in relation to the activities of the merchant banker in the securities market shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board.”

4. Amendments to the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993

In the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, after regulation 15A, the following regulation shall be inserted, namely, —

“Dispute Resolution.

15B. All claims, differences or disputes between a registrar to an issue and share transfer agent and its client and investor

arising out of or in relation to the activities of the registrar to an issue and share transfer agent in the securities market shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board.”

5. Amendments to the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993

In the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, after regulation 14, the following regulation shall be inserted, namely, —

“Dispute Resolution.

14A. (1) All claims, differences or disputes between a debenture trustee and a body corporate which has appointed the debenture trustee, arising out of or in relation to the activities of the debenture trustee in the securities market shall be submitted to a resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board.

(2) No loss or damage or expenses incurred by the debenture trustee or the body corporate which has appointed the debenture trustee shall be met out of the trust property.

6. Amendments to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996

In the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996,

- i. after regulation 59A, the following regulation shall be inserted, namely, —

“Dispute Resolution.

59B. All claims, differences or disputes between the asset management company and investors arising out of or in relation to the activities of the asset management company in the securities market shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board.”

- ii. in the Fourth Schedule, in clause (vi), after the words “delegated by the asset management company” the words, figures and symbols “, including those in relation to resolution of claims or disputes of investors in terms of regulation 59B,” shall be inserted.

7. Amendments to the Securities and Exchange Board of India (Custodian) Regulations 1996

In the Securities and Exchange Board of India (Custodian) Regulations, 1996, after regulation 17, the following regulation shall be inserted, namely, —

“Dispute Resolution.

17A. All claims, differences or disputes between a custodian and its client arising out of or in relation to the activities of the custodian in the securities market shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board.”

8. Amendments to the Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999

In the Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999, after regulation 14, the following regulation shall be inserted, namely, —

“Dispute Resolution.

14A. All claims, differences or disputes between a credit rating agency and its client arising out of or in relation to the activities of the credit rating agency in the securities market shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board.”

9. Amendments to the Securities and Exchange Board of India (Collective Investment Schemes) Regulations, 1999

In the Securities and Exchange Board of India (Collective Investment Schemes) Regulations, 1999,

(i) after regulation 14, the following regulation shall be inserted, namely, —

“Dispute Resolution.

14A. All claims, differences or disputes between the Collective Investment Management Company and investors arising out of or in relation to the activities of the Collective Investment Management Company in the securities market shall be submitted to a resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board.”

(ii) in the Fifth Schedule, in clause 3, after the words “delegated by the Collective Investment Management Company” the words, figures and symbols “, including those in relation to resolution of claims or disputes of investors in terms of regulation 14A,” shall be inserted.

10. Amendments to the Securities and Exchange Board of India {KYC (Know Your Client) Registration Agency} Regulations, 2011

In the Securities and Exchange Board of India {KYC (Know Your Client) Registration Agency} Regulations, 2011, after regulation 16A, the following regulation shall be inserted, namely, —
“Dispute Resolution.

16B. All claims, differences or disputes between a KRA and an Intermediary arising out of or in relation to the activities of the KRA in the securities market shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board.”

11. Amendments to the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012

In the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, regulation 25 shall be substituted with the following, namely, —
“Dispute Resolution.

25. All claims, differences or disputes between investors and the Alternative Investment Fund or the Manager arising out of or in relation to the activities of the Alternative Investment Fund or the Manager in the securities market

shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board: Provided that if the Alternative Investment Fund has been established as a trust, then no loss or damage or expenses incurred by the Manager or officers of the Manager, including those in relation to resolution of claims or disputes of investors, shall be met out of the trust property.”

12. Amendments to the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013

In the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, in regulation 21, in sub-regulation (4), the words “may be resolved through arbitration” shall be substituted with the words and symbols “shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration in accordance with the procedure specified by the Board”.

13. Amendments to the Securities and Exchange Board of India (Research Analysts) Regulations, 2014

In the Securities and Exchange Board of India (Research Analysts) Regulations, 2014, after regulation 26, the following regulation shall be inserted, namely, —

“Dispute Resolution.

26A. All claims, differences or disputes between a research analyst or research entity and its client arising out of or in relation to the activities of the research analyst or research entity in the securities market shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board.”

14. Amendments to the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014

In the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, after regulation 22, the following regulation shall be inserted, namely, —

“Dispute Resolution.

22A. (1) All claims, differences or disputes between investors and the investment manager arising out of or in relation to the activities of the investment manager in the securities market shall be submitted to a resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board.

(2) No loss or damage or expenses incurred by the investment manager or officers of the investment manager, including those in relation to resolution of claims or disputes of investors, shall be met out of the trust property.”

15. Amendments to the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014

In the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014, after regulation 22, the following regulation shall be inserted, namely, —

“Dispute Resolution.

22A. (1) All claims, differences or disputes between investors and the manager arising out of or in relation to the activities of the manager in the securities market shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board.

(2) No loss or damage or expenses incurred by the manager or officers of the manager, including those in relation to resolution of claims or disputes of investors, shall be met out of the trust property.”

16. Amendments to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

In the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015,

(i) in regulation 40, in sub-regulation (8), the words and symbols “: Provided further that in case of any claim, difference or dispute under this sub-regulation the same shall be referred to and decided by arbitration

as provided in the bye-laws and/or regulations of the stock exchange(s)” shall be omitted.

(ii) in regulation 67, sub-regulation (5) shall be substituted with the following, namely, —

“(5) All claims, differences or disputes between the listed entity and its investor arising out of or in relation to the activities of the listed entity in the securities market shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board.”

17. Amendments to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019

In the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, after regulation 24, the following regulation shall be inserted, namely,

“Dispute Resolution.

24A. All claims, differences or disputes between a foreign portfolio investor and a designated depository participant arising out of or in relation to the activities of the designated depository participant in the securities market shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board.”

18. Amendments to the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020

In the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020, after regulation 22, the following regulation shall be inserted, namely, —

“Dispute Resolution.

22A. All claims, differences or disputes between investors and the portfolio manager arising out of or in relation to the activities of the portfolio manager in the securities market shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board.”

19. Amendments to the Securities and Exchange Board of India (Vault Managers) Regulations, 2021

In the Securities and Exchange Board of India (Vault Managers) Regulations, 2021, after regulation 16, the following regulation shall be inserted, namely, —

“Dispute Resolution.

16A. All claims, differences or disputes between a vault manager and a beneficial owner arising out of or in relation to the activities of the vault manager in the securities market shall be submitted to a dispute resolution mechanism that includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the Board.

Conclusion

The SEBI notification regarding the amendments to the Alternative Dispute Resolution Mechanism Regulations signifies a significant step towards strengthening the securities market's dispute resolution framework in India. By introducing mediation, conciliation, and arbitration methods, SEBI aims to provide a fair and efficient mechanism for resolving conflicts and protecting the interests of market participants and investors. These amendments will contribute to enhancing investor confidence and maintaining a robust regulatory environment. Market participants should familiarize themselves with the new regulations to ensure compliance and benefit from the streamlined dispute resolution process.